

# CHAPTER 1. INTRODUCTION

In the spring of 2004 the Department of Social and Health Services (DSHS) subsidized child care for about 65,000 children a month. About 80 percent of these children (52,200) received care from a licensed provider and the other 20 percent received subsidized care either in their own home or in the home of a relative.

State and federal regulations require DSHS to evaluate subsidy rates based on child care market surveys conducted at least every two years. If subsidy rates are too low compared to the going market rates, then child care providers may either not accept or limit the number of subsidized families they will serve. The child care surveys enable DSHS to tie subsidy rates to market rates and to set those rates by region so that subsidized children around the state have equal access to the market.

This report describes the findings of the child care surveys of center and family home providers conducted in the spring of 2004. The setting of market based local child care rates is the primary purpose of these surveys, but the surveys collect information on many other topics including:

- the population and ages of children receiving licensed child care;
- capacity and vacancies in licensed facilities;
- the costs associated with providing child care, such as salaries, benefits, liability insurance, and rent or mortgage;
- characteristics of providers, such as years in operation and center type;
- number of providers caring for DSHS subsidized children;
- hours of operation; and
- trends in rates, compensation, and other changes in the child care market.

## **Background**

The Department of Social and Health Services has been helping families pay for child care since DSHS was created in the late 1970s. The programs were small at that time and targeted to very specific populations. Each program had its own funding stream and rules. More recently, in order to support the child care needs of low-income working families, state and federal funding for child care has increased. Guided by federal rules, state legislative mandates, and its own commitment to supporting families with children, DSHS has moved from a fragmented set of small programs toward a system with one set of income eligibility criteria and one payment schedule for all programs.

With the introduction of Washington's pilot welfare reform program, the Family Independence Program (FIP) in 1988, the state began paying for child care based on market surveys of child care prices. The use of market surveys allows DSHS rates to reflect the private market and to account for differences in markets across the state. DSHS sets rates at a uniform percentile across markets. This means that parents should have access to the same percent of slots regardless of where they live, what type of provider they choose, and the age of their child or children.

DSHS surveys the child care market every two years. Based on budget constraints and the information in these surveys, DSHS sets new subsidy rates at the highest percentile that the appropriations will support.

### *Geography and Child Care Markets*

Market rates for child care vary widely across Washington State. In setting regional rates, DSHS aims to ensure that clients throughout the state have equal access to child care, whether they live in areas with costly child care or in areas with relatively inexpensive care.

Before 1995, DSHS used the market surveys to identify clusters of counties with similar rates. Counties in the same cluster had the same rate schedule. Unfortunately, those clusters of counties proved to be unstable, needing re-definition with each market survey. The six DSHS Administrative Regions therefore were selected as the geographical basis for setting subsidy rates for child care. The DSHS regions are stable, well recognized, and permit reasonable estimates of local markets.

The distribution of counties among DSHS Regions is shown in Figure 1 and Table 1.

Figure 1. DSHS Administrative Regions

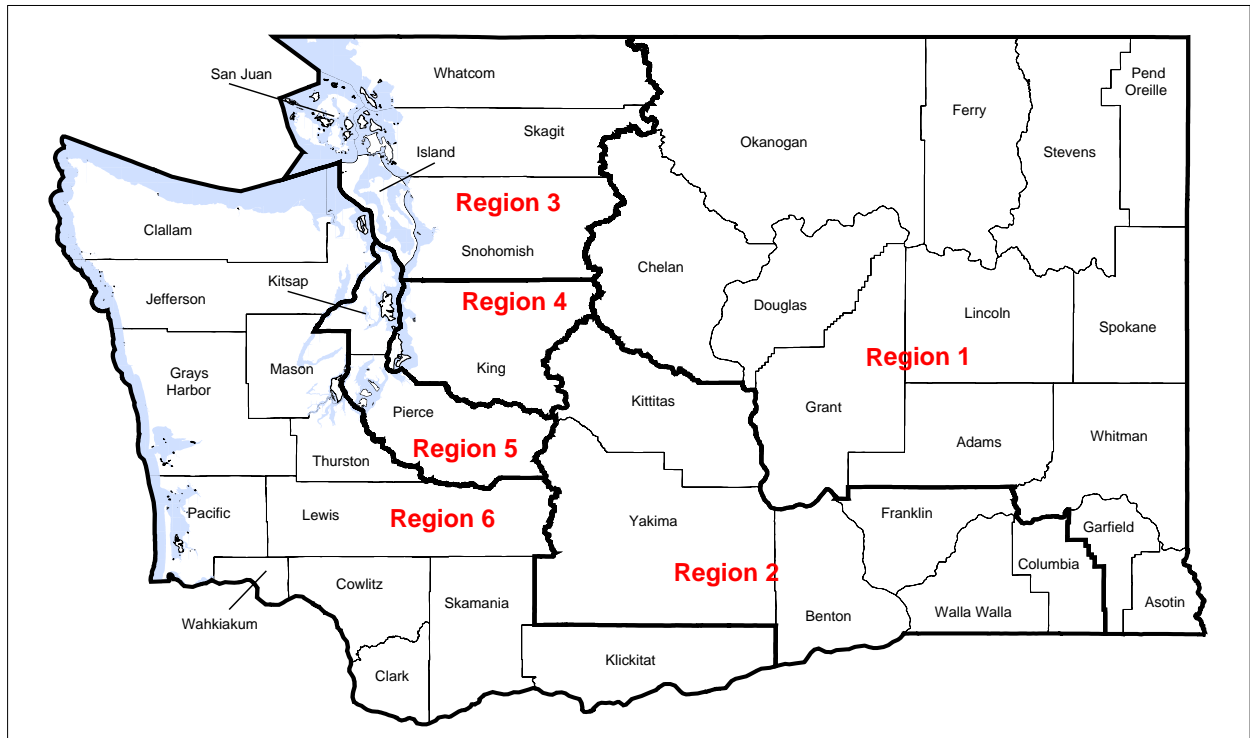


Table 1. Assignment of Counties into DSHS Regions

<u>Region 1</u>	<u>Region 2</u>	<u>Region 3</u>	<u>Region 4</u>	<u>Region 5</u>	<u>Region 6</u>
Adams	Benton	Island	King	Kitsap	Clallam
Asotin	Columbia	San Juan		Pierce	Clark
Chelan	Franklin	Skagit			Cowlitz
Douglas	Kittitas	Snohomish			Grays Harbor
Ferry	Walla Walla	Whatcom			Jefferson
Garfield	Yakima				Klickitat
Grant					Lewis
Lincoln					Mason
Okanogan					Pacific
Pend Oreille					Skamania
Spokane					Thurston
Stevens					Wahkiakum
Whitman					

## **Study Methods**

### *Licensed Facilities*

The child care surveys examine the two types of child care facilities licensed in the state of Washington: (1) child care centers (often referred to as centers), and (2) family child care homes (also referred to as family homes or homes). These surveys do not address unlicensed or illegal care. (Not all unlicensed care is illegal. Paid child care provided in the child's home or in the home of a relative is not subject to licensing; it is legal and is exempt from licensing.)

Centers, defined as facilities that are not residences, are licensed to care for a specific number of children based on staff and space requirements. Family homes are located in residences and are licensed to care for up to 12 children at the same time—subject to the provider's training, experience, staffing, and usable indoor and outdoor space.

### *Survey of Child Care Centers*

Under contract with DSHS, staff at Washington State University's Social and Economic Sciences Research Center (SESRC) attempted to interview directors of all licensed child care centers in Washington State. The list of 2,134 centers comprised every child care center in the state licensing file as of January 1, 2004.

SESRC attempted to contact all child care centers. In the course of conducting the survey fourteen newly licensed centers were identified for a total of 2,148 centers. Most of the phone interviews were conducted in March and April 2004. Some surveys from multiple-site centers were collected using either phone or mail surveys with executive directors. Centers were also able to respond using an on-line version of the survey.

Completion rate statistics for centers are summarized in Table 2. Interviewers disqualified 109 centers because they were out of business, did not have a working phone number, or were not currently offering child care. In addition, providers included information on other sites in 56 phone interviews. Of the remaining 1,983 centers, 1,693 completed interviews for a completion rate of 85 percent of eligible centers. If a center had a working phone number, interviewers made fifteen attempts to contact the center.

Table 2. 2004 Center Survey—Sample Completion Rate Statistics

		<u>Number of Centers</u>	<u>Sub-Total Percent</u>	<u>Grand-Total Percent</u>
<b><u>Eligible Child Care Centers</u></b>				
Completed Interviews <sup>(1)</sup>		1,693	85.4%	78.8%
Phone Interviews	1,123			
Mail Questionnaire	311			
On-line Survey	259			
Refused		76	3.8%	3.5%
Not Available <sup>(2)</sup>		214	10.8%	10.0%
Sub-total		1,983	100.0%	92.3%
<b><u>Excluded Child Care Centers</u></b>				
Ineligible <sup>(3)</sup>		83	50.3%	3.9%
Non-Working Number <sup>(4)</sup>		12	7.3%	0.6%
Electronic Device+Other <sup>(5)</sup>		14	8.5%	0.7%
Sites included in Single Site Responses <sup>(1)</sup>		56	33.9%	2.6%
Sub-total		165	100.0%	7.7%
<b>Total Sample</b>		2,148 <sup>(6)</sup>		100%

<sup>(1)</sup> Includes 5 partially completed interviews. 56 providers responded for more than one site.

<sup>(2)</sup> Unable to reach in fifteen attempts, answering machine, or language problem. Includes 23 partial completes and 64 non-returned mailed surveys.

<sup>(3)</sup> No longer in business or only in business in the summer (1).

<sup>(4)</sup> Disconnected or wrong numbers where correct number could not be identified.

<sup>(5)</sup> Duplicates (10), electronic devices, and temporary centers.

<sup>(6)</sup> Includes 14 centers identified during the interviewing process as new branches of multiple-site centers.

Source: DSHS Division of Child Care and Early Learning  
2004 Survey of Child Care Centers

*Survey of Family Homes*

In January of 2004 there were 6,875 family homes licensed in Washington State. In order to reduce the cost of conducting the family home survey, not all family homes were contacted. Since the survey aims to describe local child care markets, with the county as the smallest unit, only some of the family homes in the larger counties were selected. All providers in the twenty-three counties with less than seventy-five licensed family homes were contacted. In total, almost one-third of all family home providers in the state were included in the sample.

Interviewers at SESRC tried to contact all 2,171 sampled family home providers by telephone. In addition, family home providers were able to respond using an on-line version of the survey. Most of the interviews were done in February and March of 2004. The data from these interviews reflect the child care market as it existed during the school year.

Interviewers disqualified from the survey 296 providers who were out of business, not currently offering child care, or did not have a working phone number. Of the remaining 1,875 eligible family homes, 1,560 completed interviews, either on-line or by phone, for a completion rate of 83 percent. Three hundred and fifteen eligible providers either refused to participate or were unavailable during the interview period. Interviewers attempted to call all working phone numbers fifteen times. Completion rate statistics for the family home survey are summarized in Table 3.

**Table 3. 2004 Family Home Survey—Sample Completion Rate Statistics**

		<u>Number</u>	<u>Sub-Total Percent</u>	<u>Grand-Total Percent</u>
<b><u>Eligible Family Homes</u></b>				
Completed Interviews <sup>(1)</sup>		1,560	83.2%	71.9%
Phone Surveys	1,334			
On-line Surveys	226			
Refused		119	6.3%	5.5%
Not Available <sup>(2)</sup>		196	10.5%	9.0%
Sub-total		1,875	100.0%	86.4%
<b><u>Excluded Family Homes</u></b>				
Ineligible <sup>(3)</sup>		265	89.5%	12.2%
Non-Working Number <sup>(4)</sup>		31	10.5%	1.4%
Sub-total		296	100.0%	13.6%
<b>Total Sample</b>		2,171		100%

<sup>(1)</sup> Includes 6 partially completed interviews.

<sup>(2)</sup> Unable to reach in fifteen attempts, answering machine, language problem, or partial completes.

<sup>(3)</sup> Not a child care provider or not a family home.

<sup>(4)</sup> Disconnected or wrong numbers, duplicates, or electronic device.

Source: DSHS Division of Child Care and Early Learning  
2004 Survey of Family Homes

*Sampling Method for the Family Home Survey*

The number of licensed homes varied widely among counties, from none in Wahkiakum and Garfield Counties to over 1,400 in King County (see Table 4 and Appendix A1 or B3). Almost 60 percent of the counties in Washington State had less than seventy-five licensed family homes. If a random sample of homes had been drawn, then county-level data could not have been presented for many of the counties with few licensed family homes. Therefore, the sample was stratified according to the number of licensed family home child care providers in a given county.

The numbers of homes in each county—organized into the five sample strata—are shown in Table 4. Also shown in the table are the sample sizes drawn from each county, the number of completed interviews, and their corresponding percent of the population. In our analyses, the data from family homes was weighted to account for participation rates and for the different sampling rates in each county.

There were 6,875 DSHS licensed family homes in the state as of January 2004. In the twenty-three counties with less than seventy-five homes, every provider was included in the sample. For all other counties, the more licensed family homes in a county, the smaller the proportion of homes surveyed: for counties with 75 to 149 family homes, 75 percent were sampled; for counties with 150 to 249 family homes, 30 percent were sampled; for counties with 250 to 499 family homes, 25 percent were sampled; and for counties with 500 or more family homes, 18 percent were sampled.

**Table 4. 2004 Family Home Survey—Total Homes, Homes Sampled and Homes Interviewed**

	<u>Licensed Homes</u>	<u>Homes Sampled</u>	<u>Homes Interviewed</u>	<u>Percent of Homes Interviewed</u>
<i>Fewer than 75 Family Homes (sampled at 100%):</i>				
ADAMS	36	36	29	81%
ASOTIN	8	8	6	75%
CLALLAM	49	49	41	84%
COLUMBIA	6	6	5	83%
FERRY	2	2	1	50%
GARFIELD	0	0	0	n.a.
GRAYS HARBOR	68	68	55	81%
ISLAND	58	58	46	79%
JEFFERSON	22	22	15	68%
KITTITAS	41	41	23	56%
KLICKITAT	16	16	12	75%
LEWIS	67	67	47	70%
LINCOLN	10	10	5	50%
MASON	54	54	46	85%
OKANOGAN	70	70	50	71%
PACIFIC	14	14	9	64%
PEND OREILLE	2	2	2	100%
SAN JUAN	3	3	1	33%
SKAMANIA	9	9	7	78%
STEVENS	20	20	14	70%
WAHKIAKUM	0	0	0	n.a.
WALLA WALLA	46	46	35	76%
WHITMAN	24	24	22	92%
Totals	625	625	471	75%
<i>75 to 149 Family Homes (sampled at 75%):</i>				
COWLITZ	88	66	42	48%
DOUGLAS	127	95	67	53%
WHATCOM	124	93	66	53%
Totals	339	254	175	52%
<i>150 to 249 Family Homes (sampled at 30%):</i>				
CHELAN	237	71	47	20%
FRANKLIN	233	70	48	21%
GRANT	219	66	50	23%
KITSAP	222	67	50	23%
SKAGIT	199	60	45	23%
Totals	1,110	334	240	22%
<i>250 to 499 Family Homes (sampled at 25%):</i>				
BENTON	264	66	51	19%
CLARK	448	112	83	19%
SPOKANE	369	92	69	19%
THURSTON	269	67	50	19%
Totals	1,350	337	253	19%
<i>500 or more Family Homes (sampled at 18%):</i>				
KING	1,420	256	160	11%
PIERCE	711	128	85	12%
SNOHOMISH	708	127	83	12%
YAKIMA	612	110	93	15%
Totals	3,451	621	421	12%
GRAND TOTALS	6,875	2,171	1,560	23%

Source: DSHS Division of Child Care and Early Learning  
2004 Survey of Family Homes